

ESTIMATES BRIEF – Hot Issue

Supplementary Budget Estimates – October 2025

AUDIT OF EMPLOYMENT**2023-24 Audit of Employment****Subject/Issue**

The 2023-24 Audit of Employment will measure and track how the Australian Public Service (APS) uses external labour, including consultants, contractors and labour hire.

Key facts and figures

- The first Audit of Employment found that in 2021-22, nearly \$20.8 billion was spent on 54,000 outsourced roles across all agencies that employed staff under the *Public Service Act 1999*.
- On 5 May 2024, the Government announced that the Department of Finance (Finance) would undertake a second Audit of Employment for the 2023-24 financial year.
- As part of the Audit, Finance collected key data on the spending on, and number of, consultants, contractors and labour hire (external labour) across the APS. Data was collected from all 108 APS agencies that employ staff under the *Public Service Act 1999*.

If asked: When will the 2023-24 Audit of Employment be released?

- The timing of release of findings from the 2023-24 Audit of Employment is a matter for the Government.

Key points

- In the 2024-25 Budget, the Government committed to undertake a second Audit of Employment to measure how the public service is delivering on the Government's commitment to reduce spending on external labour (2024-25 Budget Paper 2, Part 2, page 76).
- The 2023-24 Audit of Employment commenced in August 2024. The Audit has been delivered from within Finance's existing resources.
- The 2023-24 Audit builds on the 2021-22 Audit. It provides an updated measure of how the APS uses external labour.
 - As part of the 2023-24 Audit, Finance collected data on agencies' expenditure on external labour roles, and the breakdown of external labour use by agency, labour type, and job family.

AUDIT OF EMPLOYMENT

- The 2023-24 Audit scope excludes outsourced service providers that deliver services such as security, cleaning and facilities management. This change focuses the Audit on the types of external labour that most closely align with public service roles and allows for a more useful measurement of the progress the APS is making on building internal capability in key areas.
- The results of the 2023-24 Audit, as well as targets agencies have set for bringing core APS work back in-house under the Australian Public Service Commission's *Strategic Commissioning Framework*, will inform the Government's ongoing workforce strategy.
- Other whole-of-government initiatives to reduce reliance on consultants, contractors and labour hire include:
 - \$4.7 billion in savings delivered through Budget measures to reduce agency spending on external labour
 - Implementing the 2025 election commitment to further reduce spending on external labour and non-wage costs by \$6.4 billion
 - converting over 11,800 external labour positions to APS roles
 - the Australian Public Service Commission's *Strategic Commissioning Framework*
 - creating Australian Government Consulting within the Department of the Prime Minister and Cabinet to reduce outsourcing to external consultants.

AUDIT OF EMPLOYMENT

Background

2023-24 Audit of Employment

On 5 May 2024, the Minister for Finance announced that the Government would undertake a second Audit of Employment to ‘measure and track exactly how the public service is delivering on the Government’s commitment to reduce its reliance on external labour’. This commitment is included in the measure titled “Savings from External Labour – extension” (2024-25 Budget Paper No. 2, page 76).

The 2023-24 Audit of Employment collected information from the 108 agencies in the general government sector that employ staff under the *Public Service Act 1999*. The number of agencies in scope for the 2023-24 Audit differs from the 112 agencies in scope of the 2021-22 Audit as a result of Machinery of Government changes, and the creation and abolition of agencies within the intervening period.

The Audit includes 2023-24 financial year data on total agency expenditure and full-time equivalent staff numbers for consultants, contractors and labour hire, but excludes data on outsourced service providers. Finance received data returns from all agencies by December 2024.

In contrast to the Australian Public Service Commission’s (APSC) Strategic Commissioning Framework, the 2023-24 Audit reports on the use of external labour for all work of portfolios and agencies, not just core functions.

2021-22 Audit of Employment

On 6 May 2023, the 2021-22 Audit of Employment report was published on the Department of Finance website.

The 2021-22 Audit reported that across 112 agencies in the general government sector, the cost of external labour in the 2021-22 financial year (across consultants, contractors, labour hire and outsourced service providers) was \$20.8 billion. The external labour workforce totalled 53,911 full-time equivalent positions. The direct employment of full-time equivalent public servants (APS) in these 112 agencies in the same period was 144,271.

Strategic Commissioning Framework

On 24 October 2023, the APSC released the Strategic Commissioning Framework which requires APS agencies to bring core work back in-house over time. Agencies must define their core work, set targets to reduce outsourcing of core work, and limit outsourcing of core work to defined circumstances.

In the first year of implementing the Strategic Commissioning Framework, 104 agencies reported to the APSC on core work and targets for the 2024-25

AUDIT OF EMPLOYMENT

financial year. The first public update was published on 4 November 2024. The next public update is expected to be published by the end of 2025.

Questions on the Strategic Commissioning Framework should be directed to the APSC.

Supporting information**Questions on Notice**

- QoN F013. Audit of Employment. 2024-25 Additional estimates, 24 March 2025.
- QoN F075. Spending cuts to external labour. Supplementary Budget Estimates 2022-23, 14 April 2023.

Freedom of Information (FOI) Requests

- Finance FOI 22/103. Employment Audit – Audit of Employment Election Commitment. Response provided on 20 January 2023.

Recent Ministerial Comments

- '[Press Conference – Parliament House – transcript](#)', 15 May 2024, Senator Hon Katy Gallagher.
- '[Labor to achieve an additional \\$1 billion in savings from consultants and contractors](#)', 5 May 2024 , Senator Hon Katy Gallagher.

Relevant Media Reporting

- '[Cult of the government consultant: The war is far from over](#)', Verona Burgess, The Mandarin, 20 June 2025.
- '[Labor in power puts consultants, contractors in sights](#)', Connor Pearce, The Canberra Times, 9 May 2025.
- '[Finance minister vows to slash more consultants and accuses Coalition of importing Trump's Doge agenda](#)', Henry Belot, The Guardian, 15 April 2025.
- '[Billions on labour condemned as 'wasteful'](#)', Miriam Webber, The Canberra Times, 14 February 2025.
- '[Departments reveal how much they will cut in outsourcing](#)', Connor Pearce, The Canberra Times, 3 September 2024.
- '[Gallagher challenges Coalition to 'be up-front' about cutting public service job](#)', Miriam Webber, Braidwood Times, 31 May 2024.
- '[Federal Budget: APS a Budget big winner with 9,000 contractors to become public servants](#)', Chris Johnson, PS news, 15 May 2024.

Date sent to MO: 2/10/2025
Cleared by (SES): Cath Patterson
Telephone No: **s22**
Group/Division: Budget Group / Budget Policy and Data Division
Contact Officer: Marianne Dolman
Telephone No: 02 6215 2895
Consultation: Australian Public Service Commission
PDR Number: SB25-000066